

of all kinds, n.o.p.; whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel oil, or any substance known as potato spirits or potato oil; methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits, absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials liqueurs of all kinds, n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p., containing more than forty per cent of wood spirit, per gallon of the strength of proof: British preferential tariff, \$5; intermediate tariff, \$10; general tariff, \$10.

Provided, as to all goods specified in item No. 156 when of less strength than the strength of proof, that no reduction or allowance shall be made in the measurement thereof for duty purposes, below the strength of 15 per cent under proof.

Mr. RHODES: The only change is that made in connection with rates.

Mr. RALSTON: I understand this is simply complementary to the change in the excise rate. The change in the British preference on spirituous liquors is complementary to the change in the excise rate.

Mr. RHODES: Yes. I might say that there has been some criticism of the circumstance that the duty upon spirits has been lowered. Those duties have been lowered solely with a view to protecting the revenue. In 1930 my recollection is that the total revenue obtained from spirits was upwards of \$40,000,000, and that last year it shrunk to about \$12,000,000. There is no question that the excessive price which has been charged for spirits has been responsible for a great amount of illicit selling of alcohol, and it was the hope and desire of the government in reducing the excise tax and customs duty on spirits to eliminate that difficulty. To the extent that that desire is met, we anticipate an increase rather than a decrease in revenue. I may say that in this connection I had hoped to hold a conference with the different provinces but was unable to do so on account of my illness. It was my desire that the provinces should make a contribution over and beyond the actual reduction which has been made in the price of liquor due to the lowering of the tariff and the excise. Speaking from memory and using round figures which I think are accurate, I believe that whereas the dominion treasury receives in revenue something like \$4.25, the provinces are charging a price which yields them something like \$9 per gallon. I believe that if they made a larger contribution through reducing their price there would be an increased sale and

to that extent there would be a further preventing of the illicit sale of liquor.

Item agreed to.

Customs tariff—156a agreed to.

Customs tariff—159 agreed to.

Customs tariff—164. (a) Wines of the fresh grape of all kinds, except sparkling wines, imported in barrels or in bottles, containing less than 35 per cent proof spirit, when the produce of Australia, New Zealand or the Union of South Africa, per gallon: British preferential tariff, 25 cents.

(b) Wines of all kinds, except sparkling wines, imported in barrels or in bottles, containing 35 per cent, or over, but not more than 40 per cent proof spirit, when the produce of Australia, New Zealand or the Union of South Africa, per gallon: British preferential tariff, 55 cents.

Provided that six quart bottles or twelve pint bottles be held to contain a gallon for duty purposes under this item.

Mr. RHODES: I beg to move that the rates of duty, under the British preferential tariff, set opposite sub-items (a) and (b) of tariff item 164, as contained in resolution No. 5 of March 22, 1935, be amended to read as follows:

Item 164. (a) British preferential tariff, 20 cents; (b) British preferential tariff, 40 cents.

The previous rates were 25 cents and 55 cents. These rates were reduced as a result of the South African treaty by order in council and this motion is intended to have them corrected in the tariff schedule.

Mr. RALSTON: Was that order in council passed since the budget speech?

Mr. RHODES: Since the preparation of the budget yes.

Mr. RALSTON: I understand that Australia and New Zealand are included specifically and such was not the case before?

Mr. RHODES: Yes.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—169. Books, viz.: Novels, or works of fiction, or literature of a similar character, unbound or paper bound or in sheets, but not to include Christmas annuals, or publications commonly known as juvenile and toy books: British preferential tariff, free; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Mr. RALSTON: I understand the incidence of this item will be to permit the freer import of books from France. As I understand it there are more books published unbound in that country than in Great Britain but on looking at the schedule this would not seem